

Exhibit B
Budget Detail and Payment Provisions

1. Invoicing and Payment

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, DHCS agrees to compensate the Contractor for actual expenditures incurred in accordance with the budget(s) attached hereto.
- B. Invoices shall include the Agreement Number and shall be submitted in triplicate not more frequently than monthly in arrears to:

Attention: Kimie Kagawa
Department of Health Care Services
High Risk Infant Follow-Up Quality of Care Initiative
MS Code 8100
P.O. Box 997413
Sacramento, CA 95899-7413

- C. Invoices shall:

- 1) Be prepared on Contractor letterhead. If invoices are not on produced letterhead invoices must be signed by an authorized official, employee or agent certifying that the expenditures claimed represent actual expenses for the service performed under this Agreement.
- 2) Bear the Contractor's name as shown on the Agreement.
- 3) Identify the billing and/or performance period covered by the invoice.
- 4) Itemize costs for the billing period in the same or greater level of detail as indicated in this Agreement. Subject to the terms of this Agreement, reimbursement may only be sought for those costs and/or cost categories expressly identified as allowable in this Agreement and approved by DHCS.

2. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, DHCS shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, DHCS shall have the option to either cancel this Agreement with no liability occurring to DHCS, or offer an agreement amendment to Contractor to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

4. Amounts Payable

- A. The amounts payable under this Agreement shall not exceed:
 - 1) \$XXX,XXX for the budget period of 07/01/13 through 06/30/14.
 - 2) \$XXX,XXX for the budget period of 07/01/14 through 06/30/15.
 - 3) \$XXX,XXX for the budget period of 07/01/15 through 06/30/16.

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- B. Reimbursement shall be made for allowable expenses up to the amount annually encumbered commensurate with the state fiscal year in which services are performed and/or goods are received.

5. Timely Submission of Final Invoice

- A. A final undisputed invoice shall be submitted for payment no more than ninety (90) calendar days following the expiration or termination date of this Agreement, unless a later or alternate deadline is agreed to in writing by the Program Contract Manager. Said invoice should be clearly marked "Final Invoice", thus indicating that all payment obligations of DHCS under this Agreement have ceased and that no further payments are due or outstanding.
- B. DHCS may, at its discretion, choose not to honor any delinquent final invoice if the Contractor fails to obtain prior written DHCS approval of an alternate final invoice submission deadline. Written DHCS approval shall be sought from the Program Contract Manager prior to the expiration or termination date of this Agreement.
- C. The Contractor is hereby advised of its obligation to submit, with the final invoice, a "**Contractor's Release (Exhibit E)**" acknowledging submission of the final invoice to DHCS and certifying the approximate percentage amount, if any, of recycled products used in performance of this Agreement.

6. Allowable Line Item Shifts

- A. Subject to the prior review and approval of DHCS, line item shifts of up to fifteen percent (15%) of the annual contract total, not to exceed a maximum of one hundred thousand (\$100,000) annually are allowed, so long as the annual agreement total neither increases nor decreases.
- B. The \$100,000 maximum limit shall be assessed annually and automatically adjusted by DHCS in accordance with cost-of-living indexes. Said adjustments shall not require a formal agreement amendment. DHCS shall annually inform the Contractor in writing of the adjusted maximum.
- C. Line item shifts meeting this criteria shall not require a formal agreement amendment.
- D. The Contractor shall adhere to DHCS requirements regarding the process to follow in requesting approval to make line item shifts.
- E. Line item shifts may be proposed/requested by either DHCS or the Contractor.

7. Restrictions on the Use of Federal Block Grant Funds

Pursuant to 42 U.S.C. Section 704, Contractor shall not use funds provided by the Agreement to:

- A. Provide inpatient services;
- B. Make cash payment to intended recipients of health services;
- C. Purchase or improve land, purchase, construct or permanently improve any building or other facility or purchase major medical equipment;

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- D. Satisfy any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds;
- E. Provide financial assistance to any entity other than a public or nonprofit private entity for research or training services; or
- F. Make payment for any item or service (other than an emergency item or service) furnished by;
1) an individual or entity during the period such individual or entity is excluded from participation in any other federally funded program, or 2) at the medical direction or on the prescription of a physician during the period when the physician is excluded from participation in any other federally funded program.

8. Expense Allowability / Fiscal Documentation

- A. Invoices, received from a Contractor and accepted and/or submitted for payment by DHCS, shall not be deemed evidence of allowable agreement costs.
- B. Contractor shall maintain for review and audit and supply to DHCS upon request, adequate documentation of all expenses claimed pursuant to this Agreement to permit a determination of expense allowability.
- C. If the allowability or appropriateness of an expense cannot be determined by DHCS because invoice detail, fiscal records, or backup documentation is nonexistent or inadequate according to generally accepted accounting principles or practices, all questionable costs may be disallowed and payment may be withheld by DHCS. Upon receipt of adequate documentation supporting a disallowed or questionable expense, reimbursement may resume for the amount substantiated and deemed allowable.
- D. If travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. For more information on allowable travel and per diem expenses and required documentation, see Exhibit F entitled, "Travel Reimbursement Information".
- E. Costs and/or expenses deemed unallowable are subject to recovery by DHCS. See Provision 9 in this exhibit entitled, "Recovery of Overpayments" for more information.

9. Recovery of Overpayments

- A. Contractor agrees that claims based upon a contractual agreement or an audit finding and/or an audit finding that is appealed and upheld, will be recovered by DHCS by one of the following options:
 - 1) Contractor's remittance to DHCS of the full amount of the audit exception within 30 days following DHCS' request for repayment;
 - 2) A repayment schedule which is agreeable to the both DHCS and the Contractor.
- B. DHCS reserves the right to select which option will be employed and the Contractor will be notified by DHCS in writing of the claim procedure to be utilized.
- C. Interest on the unpaid balance of the audit finding or debt will accrue at a rate equal to the monthly average of the rate received on investments in the Pooled Money Investment Fund

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commencing on the date that an audit or examination finding is mailed to the Contractor, beginning 30 days after Contractor's receipt of DHCS' demand for repayment.

- D. If the Contractor has filed a valid appeal regarding the report of audit findings, recovery of the overpayments will be deferred until a final administrative decision on the appeal has been reached. If the Contractor loses the final administrative appeal, Contractor shall repay, to DHCS, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from the Contractor's first receipt of DHCS' notice requesting reimbursement of questioned audit costs or disallowed expenses.